

## **Questions and Answers**

**March 16, 2009**

### **How many cancellations have been received?**

As of March 10, we have received 275 cancellation requests, totaling approximately \$3.8 million in redemption value, and representing less than 1% of outstanding contracts.

### **Will decisions made at the board meeting be posted on the website?**

Yes, these will be posted following the meeting on the same day.

### **How are the board members selected?**

Two board members are appointed by the Governor, one board member is appointed by the Lt. Governor, one board member is appointed by the Speaker of the House, one person appointed by the State Treasurer, and one board member is appointed by the Council of College and University Presidents. The remaining members serve on the board in their capacity as ex officio: State Treasurer, Lt. Governor, Chancellor of Postsecondary Education, and Executive Director of Alabama Commission on Higher Education.

**March 13, 2009**

### **Are Spring invoices being paid?**

Yes, these are being paid as received.

### **Which PACT board members attended the Public Hearing?**

Treasurer Kay Ivey, Dr. Harold McGee, Mr. Daniel Hughes, Dr. Greg Fitch, and representatives for Chancellor Bradley Byrne and Lt. Governor Jim Folsom. An update regarding the hearing is included in the weekly update posted under Program News. While some board members were unable to attend, please note that all board members receive and read the emails posted to [alapact@treasury.alabama.gov](mailto:alapact@treasury.alabama.gov).

### **Where can I find the following information:**

1. Program Information – website 800alapact.com, Click Current Participants and About PACT and Program News
2. PACT Reports – website 800alapact.com, Program News or Program Documents
3. Board Listing – website 800alapact.com, Program Documents
4. Meeting Notices – all board meetings are posted with the Secretary of State, [www.sos.state.al.us](http://www.sos.state.al.us); as well as on the home page of Treasury [www.treasury.alabama.gov](http://www.treasury.alabama.gov)
5. Program Summary Information – website 800alapact.com, Program News includes a summary table

### **Who are the investment managers?**

INTECH, Rhumblin Advisors, CS McKee, Earnest Partners, Turner Investment Partners, Acadian Asset Management, Principal Global, Sterne Agee Asset Management, Western Asset Management.

## **March 12, 2009**

### **Are stimulus monies available?**

The Governor's Office has informed us that no discretionary monies are available for PACT due to the restrictive guidelines.

## **March 9, 2009**

### **How are students attending out-of state or in-state private institutions affected?**

The Program Rules directly relates out-of-state and in-state private tuition to the Alabama in-state public tuition. This correlation is expected to continue.

### **When will the 2008 actuarial and audit reports be available?**

These reports will be presented to the Board at its meeting this month. Thereafter, these will be posted to the website under Program Documents.

### **How do I get historical information that is no longer posted to the website?**

You may complete a Public Record Request form located on the Treasury website [www.treasury.alabama.gov](http://www.treasury.alabama.gov), click Forms.

### **Were Alabama and Auburn the only schools contacted?**

No, every Alabama university and college have been contacted and is encouraged to partner with PACT.

### **What should I do?**

In the press conference on Friday, March 6, 2009, Treasurer Ivey encouraged participants to be patient and to wait to make decisions until after the board meeting this month. Additional information may be available to aid in the decision making process.

### **Why were a 4% tuition increase and 9% return assumed?**

This is not accurate. You may review the Actuarial Report under Program Documents to read information about the assumptions.

## **March 6, 2009**

### **Why did you send the letter?**

We felt that rather than let the situation leak out and have rumors fly, sending the letter to PACT Participants was a way to insure you were informed of the facts and potential issues.

### **Why the delay in a solution?**

It takes time to schedule meetings, obtain information, and share options. We are working as fast as possible.

### **What is the worst case scenario?**

We believe the worst case scenario would be that principal monies would be returned to the PACT purchasers. However, our goal is for PACT to pay tuition benefits to PACT students and this is the goal that we are working towards achieving.

### **How do I cancel?**

Cancellation and refund information is available on the website [www.800alapact.com](http://www.800alapact.com), click Program Documents, click Rules. The form to submit for cancellation is also on the website, click Program Participants, click Forms. There is a 4-6 week processing time for this action.

**Are there tax consequences if I cancel?**

PACT is a tax-advantaged program for the purpose of paying qualified higher education expenses. Tax implications can be read on the disclosure statement found on the website, click Program Documents, click Disclosure Statement. You should consult with a tax advisor to determine tax implications.

**How are the assets of the trust fund invested?**

The Board retains a professional investment consultant, Callan Associates, to advise the Board on asset allocation, manager selection, and investment performance. Nine professional managers invest the funds in equities and fixed income. PACT does not invest in alternative investments.

**Why is PACT not guaranteed by the State of Alabama?**

A guarantee means that the state provides “full faith and credit” which would require a constitutional amendment.

**Is PACT a 529 program?**

Yes. 529 refers to the federal Code that created the college savings programs – there are two types – a prepaid, like PACT, and a savings program.

**How do I contact my legislative representative?**

Visit the website [www.legislature.state.al.us](http://www.legislature.state.al.us) for contact information.

**When is the Board meeting?**

The Board meeting is scheduled for Tuesday, March 24<sup>th</sup>. The time and location will be posted on the website. We will also post results from the meeting on the website that afternoon, and send PACT purchasers a letter.

**How can I let the Board know my feelings?**

You may email your comments to [alapact@treasury.alabama.gov](mailto:alapact@treasury.alabama.gov). These will be compiled for the board’s review. Additionally, a public hearing is scheduled for Thursday, March 12<sup>th</sup>. This is an opportunity for you to personally voice your concerns to board members. The time and location will be posted on the website.

**March 3, 2009**

**Why is the program hurting?**

The PACT program has not escaped the worldwide economic crisis. The investment market downturn has adversely impacted the program just when it reached its peak for making benefit payments

**Should I cancel my contract and get my money?**

That is an option and is strictly your decision. However, another option is to give the board the time to work through this situation. The goal is that every child will get the benefits they need to pay tuition at an Alabama public institution.

**When will PACT have an answer?**

The PACT Board will meet by the end of March to consider options presented. At that time, a decision will be made about fall invoices.